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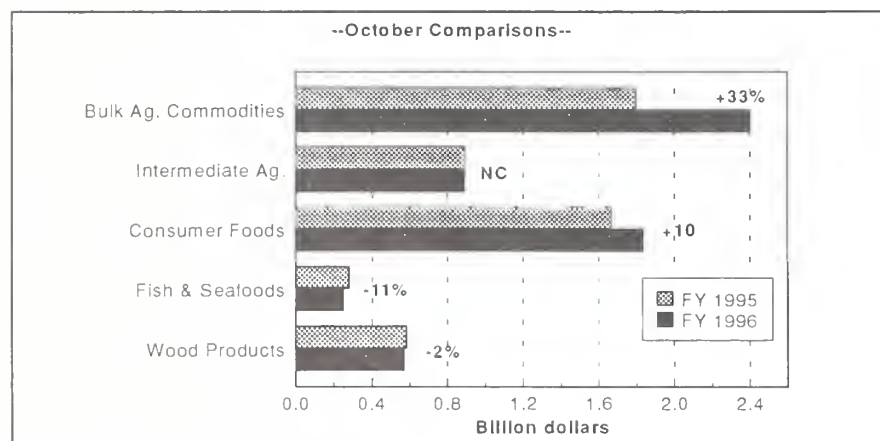
Circular Series

ATH 1 96
January 1996

Agricultural Trade Highlights

Exports Rise 21 Percent in 1995

Bulk Exports Account for Most of Gain



October trade statistics released on January 17 by the Commerce Department placed the value of U.S. agricultural, fish and forest product exports at \$6.0 billion. This translates to a 14-percent gain over the October 1994 level. Agricultural exports alone totaled \$5.1 billion, up 18 percent from the same month last year. Bulk exports totaled \$2.4 billion in October, 33 percent higher than the same month last year. U.S. exports of fish and seafood products totaled \$254 million in October, down 11 percent from last year. Forest product exports also fell slightly, down 2 percent at \$575 million.

The Department's forecast for fiscal 1996 agricultural exports is \$58 billion. Of that, bulk commodities are expected to account for \$25.7 billion, intermediate products \$11.7 billion, and consumer-oriented products \$20.6 billion. The Agency's estimate for forest product exports in fiscal 1996 is \$7.3 billion. No forecast is available for U.S. fish and seafood exports.

Four of the nine bulk commodity groups rose in October. Coarse grains and wheat accounted for 97 percent of the overall gain in this category, up

\$344 million and \$240 million, respectively. Although higher prices for wheat and corn helped boost overall export value, shipment volumes were also higher. Corn export volume was up 50 percent at 5.3 million tons, and wheat shipments were up 16 percent at 3.2 million tons. In fiscal 1996, bulk exports are forecast to reach \$25.7 billion, up 5 percent from the 1995 level and only about \$5 billion below the 1981 record.

At \$892 million in October, U.S. exports of intermediate products were unchanged from the same month last year. Export gains for animal fats, other vegetable oils, and hides and skins offset export declines for soybean oil and meal, beverage bases, and live animals. In fiscal 1996, intermediate product exports are forecast to reach a record \$11.7 billion, up 5 percent from the 1995 level.

Despite continued slower sales to Mexico, U.S. exports of consumer foods totaled \$1.8 billion in October, or 10 percent above the same month last year. Ten of the 15 product groups registered gains. The largest gains were recorded by chilled and frozen red meats (up \$64 million to \$382

million) and poultry meat (up \$56 million to \$215 million). In fiscal 1996, consumer food exports are forecast to reach a record \$20.6 billion, up 11 percent from 1995 sales.

At \$254 million in October, U.S. fish and seafood exports fell 11 percent from the same month last year. Three of the six product groups registered declines. Crab meat and surimi accounted for most of the decline, down \$22 million and \$10 million, respectively. U.S. fish and seafood export value has roughly doubled since 1987 to just over \$3 billion.

At \$575 million in October, U.S. forest product exports were down 2 percent from the same month last year. Logs accounted for much of the decline, down \$32 million to \$179 million. In fiscal 1996, forest product exports are forecast at \$7.3 billion, unchanged from the 1995 level. Lower log exports are forecast to offset gains for lumber, panel products, and other high-value wood products.

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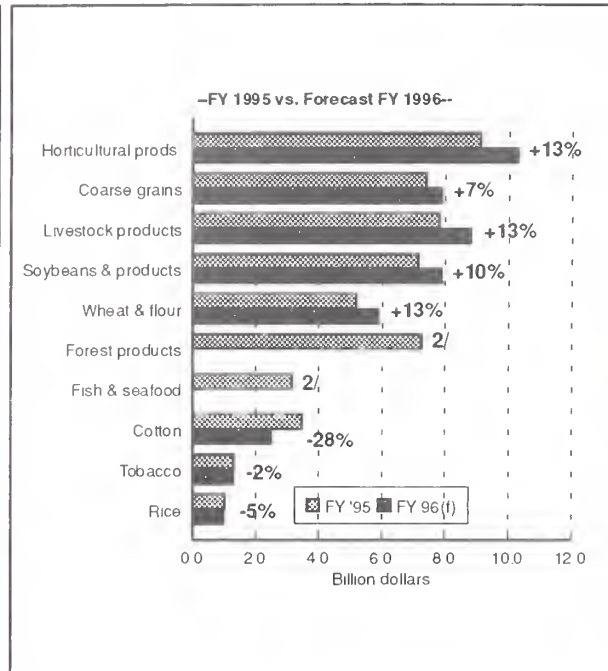
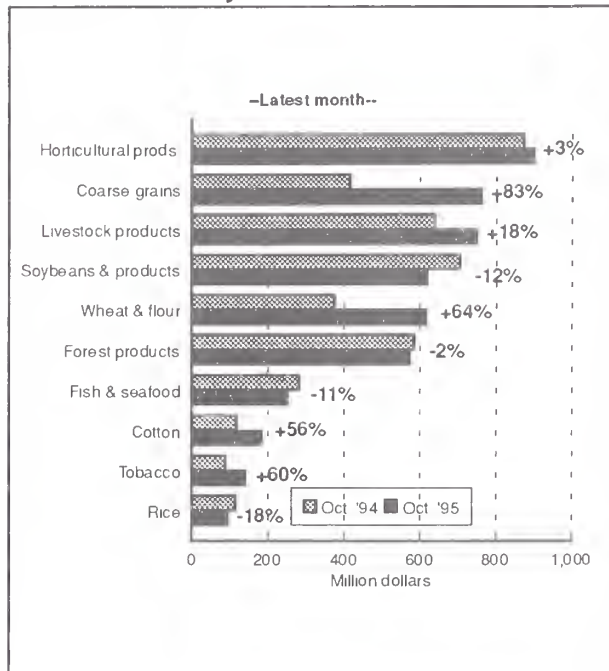
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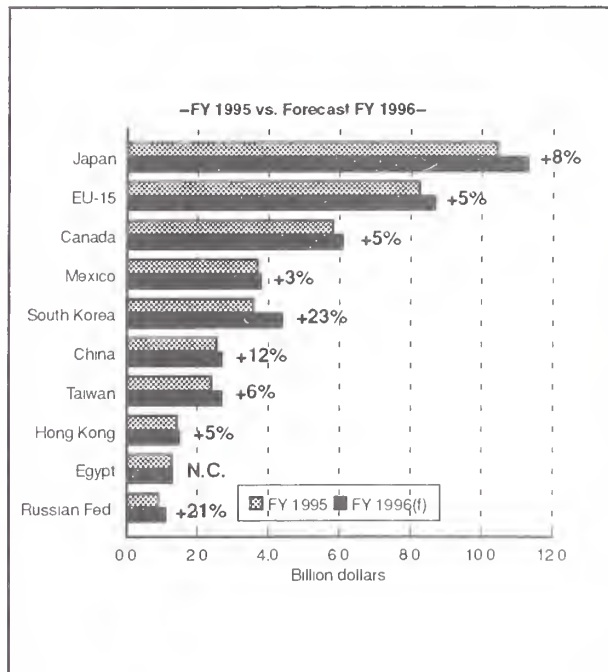
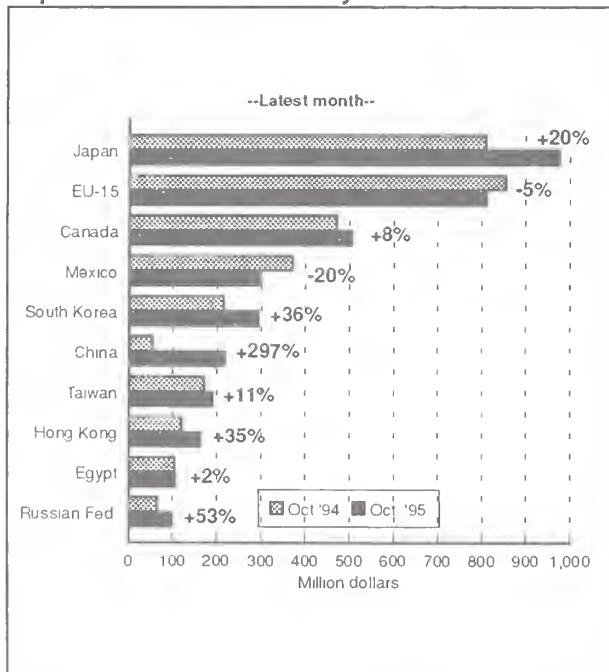
U.S. Agricultural, Fish and Wood Export Summaries

Fiscal Year and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.
 1/ Not included in agricultural totals. 2/ Not Available

Consumer Food Highlights

U.S. consumer food exports totaled \$15.4 billion during the first 10 months of calendar 1995, up from \$13.7 billion during the same period a year earlier. Four of the 16 consumer food categories already have reached annual record export levels while another six are expected to set new record levels before the year comes to an end. Cumulative export value, through the end of October, from 14 of the 16 consumer food categories exceeds the same 10-month period in 1994.

Japan continues to be the leading export destination for U.S. consumer-oriented agricultural products. Export value to Japan is up 23 percent and already has set a new annual record of \$4.4 billion. Export value to Canada, the No. 2 export market for U.S. consumer foods in 1994, is up 8 percent at \$3.5 billion. Export sales to Mexico, however, are down 42 percent to \$764 million. Exports to Mexico, the No. 3 market, have fared poorly due to the devaluation of the peso and a drop in consumer purchasing power

U.S. exports of *fresh, frozen, and chilled red meat* during the January to October 1995 period totaled \$3.4 billion, up 25 percent over 1994. Exports to Japan are up 37 percent at a record \$2.2 billion. U.S. exports to 10 countries have now set new annual records so far this year. Growth in exports to Korea is particularly impressive. The recently negotiated settlement with Korea over the shelf-life issue is supporting a sharp increase in red meat sales. Exports to Korea during January to October 1995 are up 50 percent at \$286 million. Korea is likely to emerge as the second most important market for fresh, frozen, and chilled red meat this year.

Fresh fruit export value during January to October 1995 reached \$1.6 billion, almost unchanged from a year earlier. Increased sales to Japan and Hong Kong were offset by reduced shipments to Mexico and Taiwan. Exports to Canada, traditionally the leading export market, are unchanged. Encouraging news for this consumer food group includes first-time-ever shipments of table grapes to Korea and grapefruit to Thailand. Additionally, the recent reduction in Philippine import duties on

a range of fruit and vegetables has significantly improved export prospects in that market. For further details on these events, see the Market Update section of this issue.

Exports of *processed fruit and vegetables* during the first 10 months of 1995 were valued at \$1.6 billion, up 13 percent over 1994. Increased exports of frozen french fries, canned tomato products and canned corn continue to dominate this consumer food commodity grouping.

Tree nut exports in 1995 to date are up a modest 2 percent at \$903 million. Export volume for shelled almonds and unit prices for inshell walnuts are both up significantly. Export sales of these tree nuts have been particularly strong to Spain. For additional information on the export potential for consumer-oriented agricultural products in the Spanish market, see the country spotlight article on page 5 of this issue.

Export value for *dairy products* during January to October 1995 totaled \$665 million, up 8.5 percent over the same period in 1994. Reduced exports to Mexico, the leading export destination in 1994, were more than offset by almost a doubling in export value to Algeria and strong growth in sales to Canada and Japan. U.S. exports of both butter and nonfat dry milk should benefit during the coming year from reduced export sales by the European Union (EU). EU exports of these items may decline as much as 20 percent due to a reduced EU output, strong internal demand within the EU, and limitations on EU export restitutions.

Export value for *breakfast cereals and pancake mix* during the first 10 months

of 1995 declined 9 percent to \$221 million. A marked drop in sales to Mexico is largely responsible for the performance of this consumer food grouping. Mexican import demand for non-essential foods has fallen sharply as consumers respond to the drop in the value of the peso.

U.S. exports of *nursery products* during January to October 1995 totaled \$161 million, 1 percent below the same period a year earlier. Most of the decline is accounted for in reduced sales of live plants to Western Europe, particularly in the German and Dutch markets.

Export value for *prepared and preserved red meat* totaled \$229 million in the first 10 months of 1995, up 15 percent over 1994. Record export levels to Japan and the Russian Federation more than offset a sharply lower export volume to Mexico.

U.S. exports of eggs and products reached \$138 million during January to October 1995, up nearly 2 percent over the same period in 1994. Japanese import demand for these items has been especially strong in recent months, while shipment value to Colombia and Korea reached record levels.

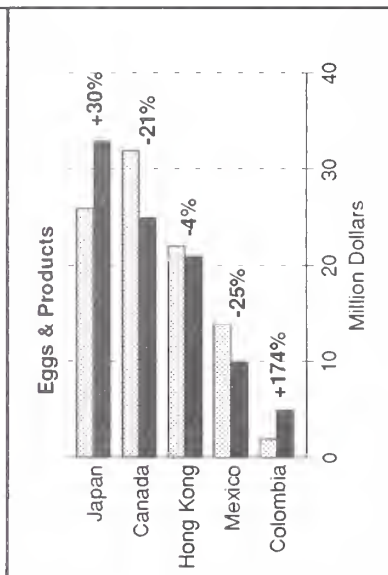
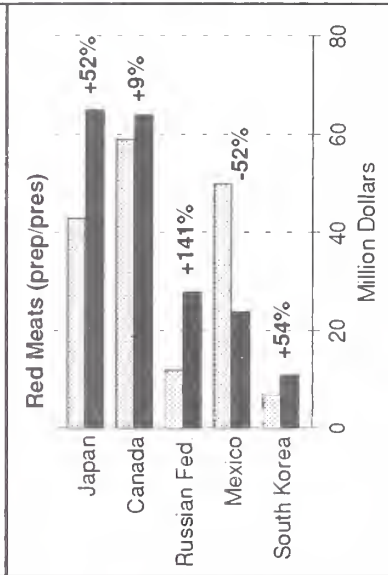
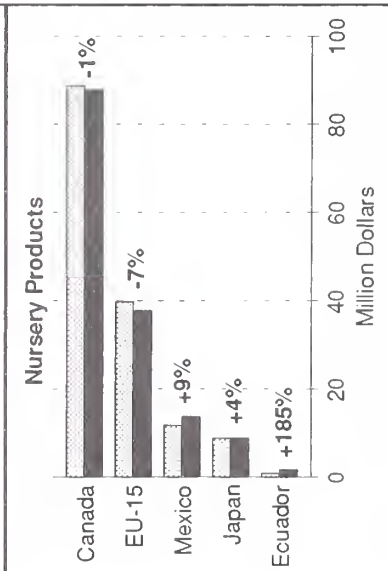
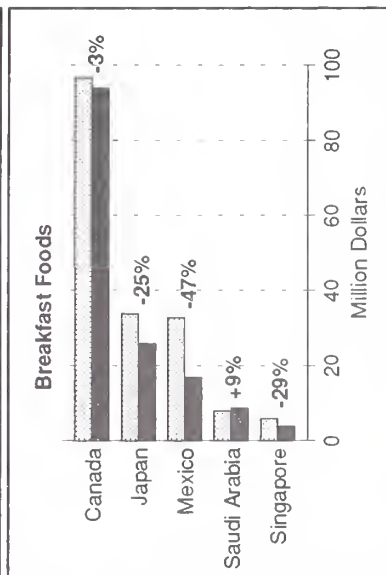
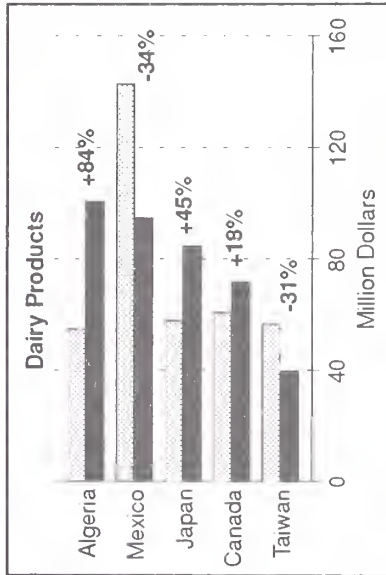
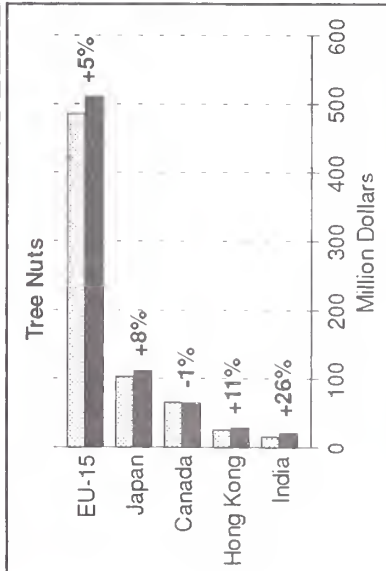
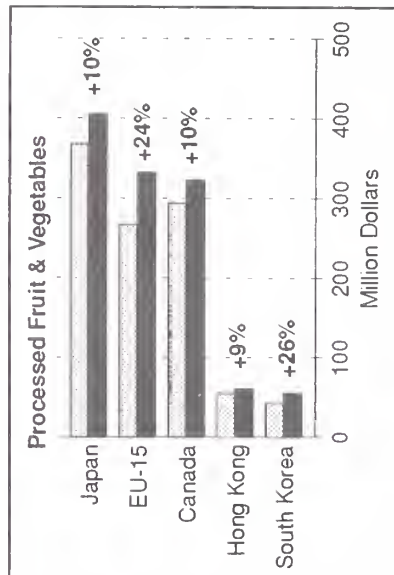
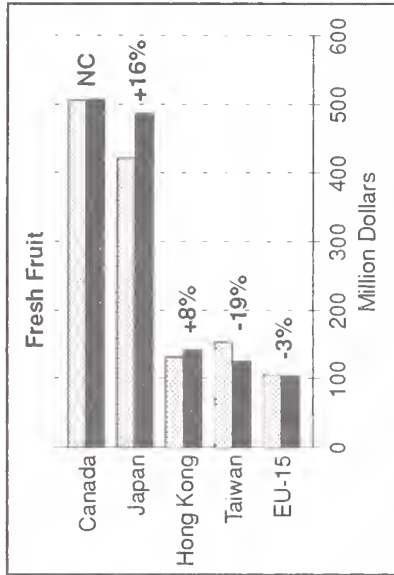
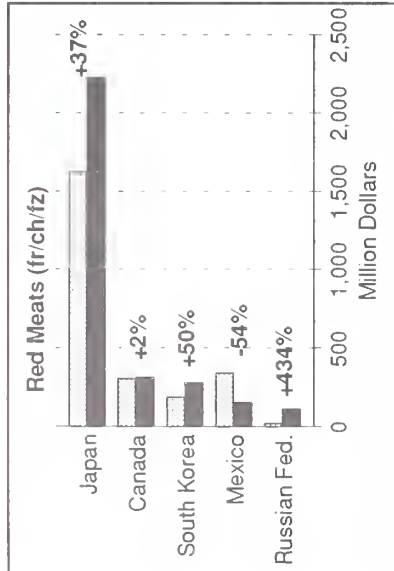
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Top Five Markets for Selected U.S. Consumer Foods

January Through October Comparisons

CY '94

CY '95



Notes: Percentages are computed as the change from 1994 to 1995. Countries are ranked from highest to lowest based on CY 1995 exports.

Country Spotlight: Spain

Although Spain has one of Europe's largest agricultural systems, it traditionally has relied upon imports for a wide array of agricultural products. The entry of Spain into the European Union (EU) in the mid-1980's opened the Spanish economy to increased foreign competition and hastened its evolution into a consumer-oriented society. Spanish demand for new foods and food ingredients has never been stronger, reflecting increasingly cosmopolitan influences and the steadily growing sophistication of consumer tastes and preferences. Although U.S. high-value agricultural commodities face significant constraints in the Spanish market, export opportunities do exist. This is reflected in a record export value for consumer-oriented agricultural commodities in 1995. Spanish import demand for animal feed ingredients and other intermediate-stage agricultural goods is steadily growing, while the U.S. sales base for key bulk commodities has been secured through the Uruguay Round Agreement. USDA will be managing the American Foods Pavilion

The Spanish economy has expanded dramatically during the past decade that Spain has been a member of the EU. Personal income levels have increased significantly and traditional customs regarding the role of women in the workplace, eating habits, and food purchasing patterns have been altered. More than ever, urban Spanish households are demanding the same

food choices available in other European cities and the United States. These changes are beginning to move forward at a faster pace as the Spanish economy recovers from the deep recession which bottomed in 1993. Gross domestic product increased 2 percent in 1994 and is expected to expand 3 percent this year.

Role of Agriculture

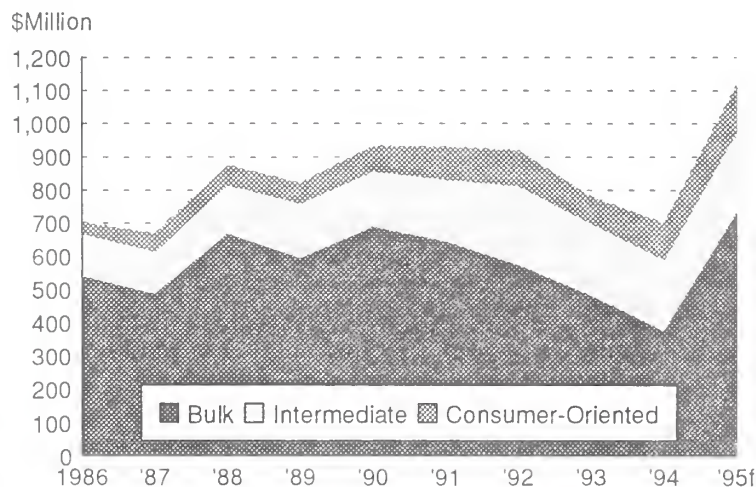
Agriculture's contribution to Spain's overall economy is substantially less than before it joined the European Union. Despite its reduced role, it still provides employment to 8 percent of Spain's workforce and generates nearly 3 percent of the country's gross domestic product. The livestock and poultry industries account for approximately 45 percent of the total value of Spain's farm output. Horticultural crops (citrus, deciduous fruit, olives, tree nuts, wine, and vegetables) account for nearly 40 percent of the total value of farm production, but are the bulwark of Spain's agricultural exports. An increase in horticultural sales to other EU members largely is responsible for this sector now representing 70 percent of Spain's total agricultural export value. The importance of grains, oilseeds, cotton, tobacco, sugar beets, and other field crops has fallen in recent years and was expected to decline further in 1995 due to prolonged drought conditions extending from 1993.

Agricultural Reform

Since Spain joined the EU in 1986, it has been progressively harmonizing its pre-accession agricultural policies with that of the rest of the EU. Complete harmonization is set for January 1996. In recent years, the share of total farm income derived from direct government payments has risen dramatically. This resulted from several devaluations of the Spanish peseta and reductions in Spanish intervention prices, implemented by CAP reform, being offset by increases in direct payments. Direct payments to many agricultural producers now account for as much as 40 to 50 percent of their total farm income.

Since payments are linked to area planted rather than yield, this has tended to promote less intensive cultivation practices. The Spanish Government initiated several measures this past year aimed at normalizing input usage for oilseed and durum

U.S. Exports to Spain Reaches \$1.1 Billion in 1995



...Spain

wheat production which had been falling in response to area-based compensatory payment schemes.

The EU currently is engaged in reforming many of its agricultural programs which will affect Mediterranean crops of vital importance to Spain, including wine, olives, olive oil, almonds and rice. EU farm policy reforms for grains, milk, beef, oilseeds, and citrus were carried out in 1992.

The consensus among Spanish farmers is that EU reform measures will depress key sectors such as grains, citrus, and wine. In general, Spain's grain, dairy, and livestock sectors cannot compete effectively with other EU producers who enjoy a comparative advantage in producing these commodities.

Overall Trade Trends

Spain's agricultural trade increased markedly after gaining membership in the European Union. The value of Spanish imports of agricultural, fish, and forestry products rose from \$4.9 billion in 1986 to \$14 billion in 1994. During the same period, Spanish exports increased from \$4.4 billion to \$12.3 billion. This growth in Spanish trade is due in large part to the progressive dismantling of duties and other tariff and non-tariff barriers between Spain and the other EU member countries.

Spain has become a large and growing importer of high-value, consumer-oriented food products. The Spanish economy has experienced explosive growth over the last 15 years. Significantly higher personal income levels combined with the entry of an increasing number of Spanish women into the work force have resulted in a marked shift in favor of convenience in Spanish consumer food purchases. Spain's tourist industry, the largest in the world when measured in terms of annual visitors, generates a robust demand for imported high-value foods through the hotel and restaurant trade.

Additionally, the grocery industry in Spain is rapidly restructuring to accommodate changing sales patterns, with traditional retail outlets being displaced by hypermarkets, supermarkets, and cash-and-carry convenience stores. The ability to present and market imported U.S. foods in an attractive manner through these new outlets allows U.S. products to make a good first impression and helps to expand sales.

Despite a 21-percent increase in exports in 1994 over a year earlier, Spain's trade balance slipped badly due to a 38-percent increase in the value of its imports. This resulted in a record trade deficit of \$1.77 billion for agricultural, fish, and forestry products in 1994, compared to a deficit of only \$18 million in 1993. Although imports of most categories of agricultural commodities, particularly dairy products, rose noticeably in 1994, fish and seafood products were largely responsible for the increase in total import value. Spain's trade deficit was projected to grow markedly in 1995 due to increased imports and reduced export levels resulting from last year's drought impacted agricultural production.

U.S. Market Position

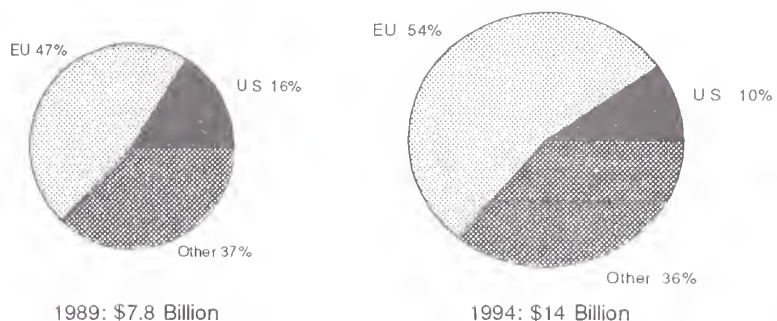
While Spain's overall import level has nearly tripled over the past decade, imports from the United States in comparison have grown only modestly in value and have fallen in terms of market share. U.S. trade data supplied by the U.S. Bureau of the Census show

that total U.S. agricultural exports (excluding fish and forestry products) to Spain reached \$700 million when Spain joined the EU in 1986. U.S. export value to Spain increased to \$846 in 1994 and is forecast to reach \$1.1 billion in 1995. U.S. agricultural products represented approximately 16 percent of the overall value of Spanish imports in 1989 but only 10 percent in 1994. Spanish agricultural imports over the same period from other EU member states rose from 47 percent of total import value to 54 percent.

Although U.S. agricultural exports to Spain include a wide array of products, close to two-thirds of total sales value consists of coarse grains (mostly corn), soybeans, animal feed ingredients (mostly corn gluten feed and animal fats), and tree nuts (walnuts and almonds). For these commodities, the United States enjoys a dominant position in the Spanish market. U.S. coarse grains accounted for 56 percent of the total value of Spanish imports of corn and sorghum in 1994, soybeans 62 percent, tree nuts 85 percent, and livestock feed products 90 percent.

While the value of U.S. exports of bulk agricultural commodities to Spain in 1995 is forecast to increase 40 percent over 1994, it will fall significantly below levels reached prior to accession in the early 1980's. In contrast, U.S. exports of intermediate and consumer-oriented agricultural goods, as well as, forest products all are forecast at record levels in 1995.

Spanish Imports of Agricultural, Fish & Forestry Products



...Spain

The increase in sales of consumer-oriented agricultural products was achieved despite significant market barriers to U.S. products. Most U.S. high-value, consumer-ready foods are still considered 'novelty' items when found on Spanish retail shelves. Imported processed foods from the United States are likely to be retailed at price levels substantially above competing products offered by neighboring EU countries due to import duties and transport differentials. U.S. high-value food exports to Spain, therefore, tend to focus on niche market lines where the United States enjoys a clear competitive edge. The U.S. share of high-value Spanish food imports is high for the following items: pulses, tree nuts, confectionery sunflowerseed, dried fruit, snack foods, meat products such as variety meats and offals, and speciality food ingredients.

Trade Policy

Under the EU's Common Agricultural Policy (CAP), Spanish farm incomes are protected by direct payments and guaranteed farm prices that are higher than world prices. Prior to implementation of the Uruguay Round Agreement, the principal mechanisms utilized for maintaining high domestic price levels were high external tariffs and variable levies, intervention buying to remove surplus commodities from the market, and export subsidies to dispose of surpluses. Following the EU implementation of the Agreement on July 1, 1995, however, import levies were replaced by fixed tariffs which will decline over time. The variable levies often represented a significant barrier to U.S. exports to Spain, given that they were set at as much as 200 percent of the import value for some commodities.

Spanish import demand for U.S. consumer-ready foods is constrained by EU duties on processed foods based on component ingredients, particularly the amount of flour, sugar, butter, milk, eggs, meat, or poultry contained in processed foods. Imports from other EU member states enjoy a significant

cost advantage in the Spanish market since they are not subject to these duties.

As part of the Uruguay Round Agreement, the United States and the EU agreed in 1994 to an extension of the U.S.-EU Enlargement Agreement. This agreement calls for Spain to import 2.3 million tons of corn, sorghum, and specified non-grain feed ingredients annually from the United States. This represents compensation to the United States for loss of grain exports to Spain as a result of Spanish accession to the EU.

Tourism in Spain

Spain's tourist industry represents a major component of the national economy. In addition to a resident population of nearly 40 million people, Spain attracted more than 60 million visitors in 1994, up 5 percent over a year earlier. The number of visitors to Spain in 1995 was expected to again set a new high due to unstable political conditions in other tourist oriented countries in Eastern Europe and North Africa.

Peak import demand for consumer-ready foods coincides closely with the Spanish tourist season. Most visitors come from Northern Europe, especially Germany, France, and the United Kingdom. The Mediterranean beach resort areas and the Balearic Islands are major tourist destinations during the summer period, while the Canary Islands are favorite European tourist attractions during the winter months. Individual Spanish resort areas tend to attract particular national groups, and hotels and restaurants attempt to accommodate the eating and drinking preferences of their foreign patrons. This creates additional sales opportunities for U.S. consumer-ready foods.

Canary Islands

According to Spanish import statistics, the Canary Islands accounted for approximately 8 percent of total Spanish imports in 1994 of agricultural, fish,

and forestry products. Imports from the United States totaled \$146 million, up 24 percent over 1993. The Canary Islands are granted special trade treatment by the EU based on the objective of maintaining traditional import trade flows and preventing unacceptable consumer price increases. This EU policy acknowledges that the economy of the Canary Islands is linked to the tourist industry and its imports traditionally have entered duty free. In accordance with a supply balance that is set annually for each marketing year, key commodities enter duty free from outside the EU or are imported from within the EU with subsidies. The EU subsidy is provided directly to the Canary Islands importer rather than the exporter.

According to Spanish trade data, tobacco was the most important import item by the Canary Islands from the United States in 1994. U.S. export data indicate that tobacco exports to Spain (including the Canary Islands) reached \$41 million in 1994, however, Spanish trade data show imports reached \$165 million of which \$87 million was destined for the Canary Islands. The discrepancy largely represents product shipped initially to another EU country which was later transshipped to Spain. Since Spanish import data is based on country of origin, they are considered to be more accurate.

The Canary Islands also represent an important destination within the Spanish market for U.S. exports of grains, variety meats and offals, poultry, and forest products.

Market Development

USDA market development activities in Spain are coordinated through the Office of the Agricultural Counselor in the U.S. embassy in Madrid. This office works closely with twenty-nine market development cooperators having active promotional programs in Spain. Among these, the American Plywood Association, the USA Dry Pea and Lentil Council, and the National Dry Bean Council maintain permanent representatives in Spain. Total USDA

funding for promotional activities under the Market Promotion Program or the Foreign Market Development Program in FY 1994 was budgeted at \$3.2 million, representing approximately 2 percent of total agricultural export promotion funding for that year.

Competitor promotional efforts consist largely of EU promotional agencies which have opened offices in Spain in recent years. These include the Dutch Potato Information Institute, the Dutch Cheese Information Center, the Dutch Veal Quality Guarantee Foundation, the French Market Promotion Organization, the German Marketing Company for the agricultural sector, the Belgian Office for Foreign Trade, the Food from Britain Organization, the British Meat and Livestock Commission, the Irish Office for Meat Products, the Italian Institute for Foreign Trade, and the Portuguese Institute of Commerce. Prominent among non-European promotional agencies active in Spain is the National Federation of Colombian Coffee Producers.

Trade Shows: Competitor market development activities focus heavily on participation in Alimentaria, the premier food trade show in Spain and one of the largest shows in Europe. The show is held every other year in Barcelona. This year's show is scheduled to take place March 4-9.

During the 10th edition of this international food show held in 1994, the fair occupied a net exhibit area of 73,251 square meters with 3,585 exhibitors participating. Slightly less than one-third of all exhibitors were classified as international. EU countries normally dominate the show in terms of exhibitors and space. Approximately 10 percent of the more than 130,000 commercial visitors to the 94 show were categorized as major international food buyers.

The U.S. Department of Agriculture is participating in Alimentaria '96 under the umbrella of the U.S. Foods Pavilion. The U.S. pavilion will consist of as many as twenty booths, occupying over 550 square meters in the show's

multi-foods hall. U.S. firms exhibiting at this show will have the opportunity to increase and enhance the image of U.S. high-value and consumer-ready products in the Spanish market. The show is generally viewed as an ideal launching pad for entering the European market. For additional information on Alimentaria '96, please see page 11 of this issue.

In addition to Alimentaria, the Foreign Agricultural Service through the staff of the Office of the Agricultural Counselor in Madrid assists U.S. food industry groups to promote their products in the Spanish market. For example, a team from the Alaska Seafood Marketing Institute visited Spain in March 1995 seeking to expand sales opportunities for Alaskan salmon.

A wine show was organized in Bilbao, in northern Spain, June to promote high-quality U.S. wines. The show was effective in reaching out to high-end hotels and restaurants. Other U.S. foods were successfully promoted at the Bilbao Wine Show, including Washington State apples, cheese, and nuts.

Promising Products

Feed Grains and Feed Ingredients The extension of the U.S.-EU Enlargement agreement, initially negotiated in 1987, under the Uruguay Round Agreement calls for the annual importation of 2.3 million tons of corn, sorghum, and specified non-grain feed ingredients. Feed grain exports (largely corn) to Spain during the first 10 months of 1995 reached \$277 million, 111 percent above the same period in 1994. Spanish grain import requirements are up sharply because of this year's drought-reduced crops.

The United States captured approximately 50 percent of Spanish imports of corn and sorghum in 1994 and nearly all corn by-products. Spanish importers have responded aggressively to the attractive price levels offered on U.S. animal fats (yellow grease and inedible tallow) which are

utilized largely as an energy ingredient in livestock feed formulation.

Oilseeds and Products: U.S. oilseed exports to Spain, consisting largely of soybeans, are up sharply this year. Spanish oilseed crops this past season have been disappointing due to dry weather, depleted water irrigation supplies, and limited government support to the industry. The U.S. share of the Spanish soybean import market has held fairly constant during recent years at approximately 60 percent and export sales are running substantially ahead of last year's pace.

Soybean meal consumption in Spain is up sharply due to drought-impaired pasture conditions while soybean oil utilization continues to increase following the removal of sales restrictions in 1991. Soybean oil sales exceeded 190,000 tons in 1994, nearly double the level of five years ago and are expected to reach 205,000 tons in 1995. Shortages of sunflowerseed due to the dry weather led to imports of U.S. product for confectionery purposes and first time ever imports of sunflowerseed oil.

Forest Products: Spain's annual timber production falls significantly below domestic consumption, creating a wood deficit of approximately 10 million cubic meters. Spain's construction industry is recovering from the deep recession of 1992 and 1993. Spanish forest products imports from all sources rebounded from \$695 million in 1993 to \$852 million in 1994.

U.S. exports participated in the increased trade activity, increasing from \$104 million to \$131 million over the same period. U.S. exports to Spain in 1995 are projected to exceed the record \$133 million set in 1992. U.S. sales of forest products to Spain rely heavily on lumber but sales of panel products, including plywood, are trending upward and increasing rapidly.

Fish and Seafood: Spain is the largest per capita fish and seafood products consumer within the EU and is a net importer. A decline in Spain's

...Spain

total catch in 1994 and again in 1995 was due to reductions in Spain's Total Allowable Catches imposed by the EU. Spain became fully integrated into the EU's Common Fisheries Policy in January 1996 and is hoping that this will lead to a larger allowable catch in EU waters. Spain's catch outside of EU waters, however, is expected to decline.

Excellent marketing opportunities in the Spanish market exist for U.S. exporters of fresh fish, squid, and live lobster. U.S. fish and seafood exports to Spain in 1994 reached a record \$39.5 million, up from \$19 million in 1993. Fish and seafood products will be a featured item in the U.S. Foods Pavilion at Alimentaria '96.

High-Value Foods: U.S. exports of high-value agricultural products to Spain emphasize tree nuts, confectionery sunflowerseed, dried fruit, pulses, poultry, and variety meats. Imports of dairy, meat, cereal preparations and cookies, chocolates, processed fruit and vegetables, and beer were largely supplied by other EU members. The EU's component levy system often makes it cost prohibitive for Spanish importers to purchase U.S. food products containing flour, sugar, milk, butter, eggs, meat, and poultry.

Spanish walnut consumption is trending upward while local production reaches only minimal levels. Spanish import demand is expected to continue growing. U.S. exports of almonds during the first 10 months of 1995 reached nearly \$55 million, double the value of a year earlier. The increased trade resulted from a drop in availability because of a poor Spanish almond crop. Nearly 90 percent of Spain's imports of almonds and walnuts are supplied by the United States.

The Spanish market also offers sales opportunities for U.S. exporters of peanuts. Although Spain is a major fruit producer, modest opportunities do exist to expand U.S. sales, particularly for fresh apples (mostly Red Delicious and Granny Smith varieties), avocados, and cranberries. Exports of canned

peaches, cherries, and mixed fruit, as well as dried prunes, were up sharply in 1995 compared to a year earlier.

Increasingly congested metropolitan areas and a growing number of working women are altering the traditional custom of daily trips to the market. Demand for frozen, processed, and prepared foods is growing rapidly in Spain as consumers place a premium on the convenience they offer. U.S. exports to Spain of frozen french fries, frozen sweet corn, and frozen peas increased markedly last year.

Demand for snack foods is growing in Spain in line with the country's increased prosperity. Spanish consumers are seeking greater diversity, with Mexican-type and processed snacks offering the most potential to U.S. exporters. Potato chips, tree nuts (mostly almonds and walnuts), and peanuts constitute the traditional snack foods consumed in Spain.

Although wine consumption in general is down in Spain, U.S. exports to Spain were up in 1995 in response to a demand for top-quality, speciality wines offered by the U.S. industry. U.S. poultry sales to Spain consist largely of chicken legs for the Canary Islands. These sales began in the late 1980's with the help of export subsidies provided by the Export Enhancement Program (EEP). Although EEP subsidies are no longer available, sales continue to be made.

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U.S. Exports of Agricultural, Fish & Wood Products to SPAIN

Calendar Years 1990 to 1995 and Year-to-Date Comparisons (\$1,000)

Product	Calendar Years					January-October		% Chg
	1990	1991	1992	1993	1994	1994	1995	
Bulk Agricultural Total	685,098	642,015	569,614	478,557	518,691	370,580	605,341	63.3%
Wheat	3,394	2,925	2,600	3,567	871	857	17,267	1914.8%
Coarse Grains	219,773	161,760	163,202	127,592	158,050	131,213	277,287	111.3%
Rice	17,483	7,854	3,625	3,908	5,909	3,718	11,875	219.4%
Soybeans	291,160	322,806	282,149	272,726	259,731	159,889	212,620	33.0%
Cotton	48,322 *	33,454	14,738	8,188	7,150	4,769	14,173	197.2%
Tobacco	70,926	72,391	47,503	15,394	41,307	40,090	34,103	-14.9%
Pulses	7,672	10,104	15,000 *	11,999	11,203	7,234	7,725	6.8%
Peanuts	11,431	12,149	11,273	10,968	10,019	5,660	14,692 *	159.6%
Other Bulk Commodities	14,938	18,570	29,524	24,216	24,452	17,150	15,597	-9.1%
Intermediate Agricultural Total	172,122	191,011	244,291 *	220,971	221,661	177,813	213,757	20.2%
Wheat Flour	0	0	0	0	0	0	11 *	NA
Soybean Meal	1,346	582	15,078	35,758	15,792	15,510	15,322	-1.2%
Soybean Oil	120	0	0	3	0	0	0	NA
Other Vegetable Oils	507	71	125	152	12,448 *	7,865	10,078	28.1%
Feeds & Fodders (excl. pet foods)	113,342 *	106,680	112,741	107,238	96,759	81,985	100,755	22.9%
Live Animals	2,419	2,773	2,781	2,664	2,661	2,297	2,705	17.8%
Hides & Skins	8,128	5,975	5,076	2,629	11,955	9,757	13,188	35.2%
Animal Fats	16,004	23,717	49,150 *	32,362	40,965	30,611	36,312	18.6%
Planting Seeds	20,237 *	16,669	16,029	13,178	16,484	10,830	18,701	72.7%
Sugars, Sweeteners & Bever. Bases	3,199	1,337	362	584	1,592	1,571	896	-43.0%
Other Intermediate Products	6,818	33,207	42,948 *	26,403	23,005	17,388	15,790	-9.2%
Consumer-Oriented Agricultural Total	72,590	95,396	102,951	78,379	105,579	81,227	112,802 *	38.9%
Snack Foods (excluding nuts)	2,019	2,130	3,713	4,988 *	4,700	3,706	3,879	4.7%
Breakfast Cereals & Pancake Mix	943 *	120	173	35	11	11	103	836.4%
Red Meats, Chilled/Frozen	1,998	1,724	1,205	1,190	1,516	1,336	2,962 *	121.7%
Red Meats, Prepared/Preserved	224 *	5	35	45	40	40	30	-25.0%
Poultry Meat	9,023	11,232 *	9,560	9,317	9,670	7,429	4,175	-43.8%
Dairy Products	262	164	632	153	154	110	494	349.1%
Eggs & Products	245	2,189	1,720	3,083 *	1,289	1,268	523	-58.8%
Fresh Fruit	72	1,253	1,915 *	1,092	1,408	310	310	0.0%
Fresh Vegetables	307	761	640	663	1,676	1,043	1,714 *	64.3%
Processed Fruit & Vegetables	9,031	9,962	13,645 *	7,654	10,271	7,822	9,553	22.1%
Fruit & Vegetable Juices	11	283	24	419	1,362 *	1,348	115	-91.5%
Tree Nuts	40,275	44,727	46,127	27,246	56,251	41,823	75,262 *	80.0%
Wine and Beer	1,394	1,637	3,488 *	1,123	559	541	649	20.0%
Nursery Products & Cut Flowers	1,233	2,183 *	1,449	1,112	1,335	1,202	835	-30.5%
Pet Foods, Dog/Cat	1,825	3,183	5,594	7,950	9,648 *	8,103	9,432	16.4%
Other Consumer-Oriented Products	3,727	13,843 *	13,033	12,309	5,687	5,136	2,764	-46.2%
Wood Products Total	109,344	117,739	133,327 *	104,636	131,203	108,487	113,401	4.5%
Logs	5,786	5,237	4,831	3,534	5,628	4,800	4,238	-11.7%
Lumber	93,781	95,793	109,128 *	84,261	107,564	89,233	89,468	0.3%
Plywood & Panel Products	4,824	7,940	10,083	10,261	14,898	11,810	15,716 *	33.1%
Other Wood Products	4,953	8,768	9,285 *	6,580	3,113	2,645	3,979	50.4%
Fish & Seafood Products Total (Edible)	12,721	20,075	19,075	18,982	39,447 *	31,531	28,293	-10.3%
Salmon, Whole/Eviscerated	219	593	716	1,989	879	496	2,633 *	430.8%
Salmon, Canned	0	139 *	0	0	0	0	0	NA
Crab & Crabmeat	55	86	121	15	20	20	11	-45.0%
Surimi (fish paste)	N/A	N/A	1,731 *	42	270	270	210	-22.2%
Roe & Urchin	1,301	377	81	228	101	89	1,018	1043.8%
Other Edible Fish & Seafood Products	11,146	18,879	16,425	16,708	38,177 *	30,656	24,421	-20.3%
Agricultural Product Total	929,810	928,422	916,856	777,907	845,931	629,620	931,900	48.0%
Agricultural, Fish & Wood Product Total	1,051,875	1,066,236	1,069,258	901,525	1,016,581	769,638	1,073,594	39.5%

Note. (*) Highest export level since at least 1970, N/A = not available; NA = not applicable.

Feature Story:

American Foods Pavilion of Alimentaria '96

The U.S. Department of Agriculture's Trade Show Office invites U.S. firms to participate in the American Foods Pavilion at Alimentaria '96. This event is the premier food trade show in Spain and takes place only once every two years. This year's show is scheduled to take place March 4-9, in Barcelona.

This event will provide American food exporters the single, best opportunity to promote their products in the Spanish market. Additionally, the show is considered to be an ideal launching pad for reaching the European market. Past Alimentaria shows have been highly successful. Initial surveys taken following Alimentaria '94 showed that 50 percent of all visitors had made immediate purchases ranging from \$10,000 to \$420,000.

Announcement to the U.S. food trade of the American Foods Pavilion was handled directly by the Trade Show Office and most participants already are registered. Space, however, is still available. Firms not yet registered, but desiring to participate in the show must act quickly. Late registrants will benefit from all show facilities and services provided by the Trade Show Office, with the exception of inclusion in the official show catalogs.

Show Facilities/Services

The American Foods Pavilion offers participating U.S. exhibitors an attractive, full-service package, including a fully appointed booth, product shipment and customs clearance for up to 300 pounds of product samples, listing in the official catalogs, pre-show publicity, and market research reports on Spain's consumer foods market. The American Foods Pavilion can accommodate as many as 20 booths in the multi-foods hall. U.S. participating firms also will have access to a business lounge for meetings and a business center equipped with fax and photocopy services. Booth fees will range from \$6,300 to \$7,000.

Product Shipment

The USDA Trade Show Office will ship, one-way, up to 300 pounds per booth of product samples from a consolidation point on the East Coast to the Barcelona show site. Cost of shipment is covered in

the exhibitors booth fee. Given that the starting date for the show is set for March 4, exhibitors will be required to have their dry food product samples at the New York consolidation site by February 17 and chilled/frozen samples by February 24. USDA's shipping service includes customs clearance in Spain. Each exhibitor is responsible for delivery of product samples to the consolidation point. Return shipment of surplus samples and other exhibitor property is solely the exhibitors responsibility.

Product/Participant Eligibility

All products displayed in the American Foods Pavilion must be comprised of at least 50 percent agricultural and/or food ingredients of U.S. origin computed on a value or volume basis. Product labels must indicate that the products were either produced or processed in the United States. Any manufacturer, processor, or seller of U.S. food or beverage products is eligible to reserve a booth.

Show Management/Registration

The American Foods Pavilion at Alimentaria '96 is organized and managed by the USDA Trade Show Office of the Foreign Agricultural Service. The Trade Show Office is an experienced exhibition organizer that has sponsored four to six shows annually for the past 23 years.

Travel and Accommodations

Travel and accommodations are not included in the participation fee. Exhibitors are responsible for their own travel arrangements. USDA has negotiated block bookings for U.S. exhibitors at two hotels in Barcelona. Please note that visas are not required for U.S. citizens to travel to Spain but exhibitors are responsible for acquiring their own passports.

Show Information/Assistance

For additional Assistance on Alimentaria '96 contact Willis Collie of the Trade Show Office.

Trade Show Office
FAS/USDA
Phone: (202) 720-3623
Fax: (202) 690-4374

Feature Story: USDA Trade Mission to Portugal

The USDA Trade Show Office is sponsoring a special three-day sales mission to Lisbon from February 28 to March 1, in conjunction with Alimentaria '96, Spain's biggest food show. The best new prospects for the Portuguese market include frozen foods, sauces, dressings, and condiments, prepared fruits and vegetables, all types of seafood, dried fruits, dried beans, nuts, juices, desserts, and healthy snack foods. Space is still available within the U.S. delegation. Exporters interested in participating who have not yet contacted the U.S. Trade Show staff, must act quickly given the time frame of the trade mission. For additional details, contact the U.S. Trade Show Office at 202-720-3623; fax 202-690-4374.

With the current economic recovery now in its third year and a low and stable inflation rate, prospects for U.S. exports are improving. While Portugal is one of the poorest countries in the European Union, it is making significant progress in raising living standards to the EU average. Average incomes in Portugal are now over \$10,000 per person and climbing. Associated with the higher incomes comes greater demand for consumer-ready goods, and U.S. exporters should take advantage of the favorable image enjoyed by American-made goods and ongoing promotional activities. U.S.

exports to this market of nearly 11 million people will benefit from reductions in import charges agreed to under the Uruguay Round.

Overall Agricultural Trade

Portuguese agricultural imports (including fish and forest products) from all non-EU sources totaled \$1.86 billion in 1994, the most recent year trade data are available. When including other EU member states in agricultural import totals, the number increases to \$2.56 billion. Basic commodities account for most imports.

Leather (\$238 million), fresh, chilled or frozen beef (\$237 million), fresh or frozen fish (\$190 million), wheat (\$184 million), and corn (\$120 million) were the top products imported in 1994.

The import market for consumer-ready foods is dominated by other EU suppliers, mainly France and Spain.

U.S. Trade Trends

U.S. market share of Portuguese imports varies dramatically by product, with the United States holding a commanding share (greater than 50 percent) in basic commodities like grain and feed and oilseeds. For all other major categories, the U.S. market share remains below 10 percent.

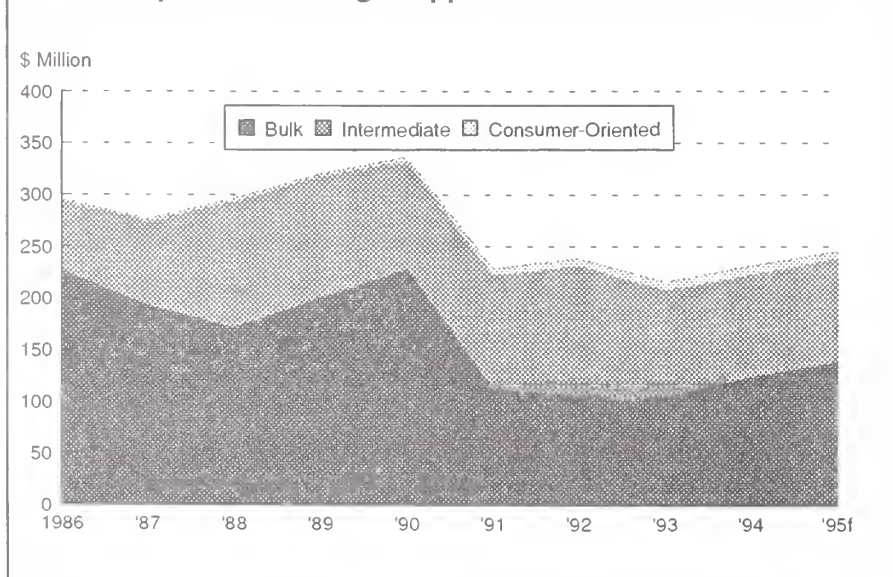
The steadily improving Portuguese economy helped boost U.S. agricultural exports (including seafood and forestry) 8 percent to \$248 million in 1994. Soybeans account for over one-quarter of total sales (\$68 million), followed by corn gluten feed (\$64 million) and corn (\$50 million). While still small, U.S. consumer-oriented food exports have more than doubled in the last five years, with major increases in tree nuts, processed fruits and vegetables, snack foods, and pet foods. Forest product exports also have increased significantly over the past several years, setting new highs.

Trade Policy

The European Union's trading regime sets trade policy for Portugal, which became a member in 1986. Its import restrictions and member state preferences in the grain, beef, processed product and fruit and vegetable sectors put U.S. products in these areas at a relative disadvantage.

Still, the liberalization mandated by the recently-concluded Uruguay Round will provide further openings. Agreed-to

U.S. Exports to Portugal Approach \$250 Million in 1995



...Trade Mission to Portugal

cuts in the high variable levy system will increase opportunities for U.S. producers. Import charges will decline by an average 36 percent in the next six years for grains, feeds, and processed products.

Poor Weather Provides Sales Opportunities

Unusually damaging weather conditions in Portugal last year made 1995 the "year to forget" for Portuguese farmers. A succession of drought and frosts throughout the spring affected farming throughout all of interior Portugal, with production losses estimated at over \$200 million. Fruit and tree nut production were affected, creating a market opening for many U.S. products. Apples, walnuts, hazelnuts, and almonds are all expected to be in greater-than-usual demand because of the poor weather.

Infrastructure and Distribution

Portugal's food distribution structure consists of wholesalers, retailers (hypermarkets, supermarkets, cooperatives, and mom-and-pop stores), institutions and associations. Retailers purchase either from wholesalers, directly from the manufacturer, or through retailer associations. Retailer associations, comprised mainly of small store owners, increase buying power and provide marketing support to help compete with the larger supermarkets and hypermarkets.

As economic development aid from Brussels continues to improve the country's infrastructure, an overall lower cost structure for all food products will also increase consumer demand.

Promising Products

Soybeans: While the United States dominates the Portuguese soybean market, Brazil, Canada, and Paraguay are also important players. U.S. exports range from 300,000 to 400,000 tons. Total imports are expected to continue to climb, as a result of the lower sunflowerseed crop and the continued recovery of the soybean oil industry.

Animal feed: In this market, the United States also dominates. The United States provides Portugal with nearly all of its corn gluten feed, and is also the leading provider of other animal feeds. Spain, France, Australia, and Brazil are major competitors in non-corn animal feeds. U.S. exports of corn gluten feed range around 600,000 tons, while other feeds amount to 150,000 to 200,000 tons annually.

Corn: Portugal will continue to remain a good market for U.S. corn. A special 500,000-metric-ton quota for non-EU imports is almost completely filled by the United States. France, the other major supplier, will continue to make up the bulk of other sales, as it has preferential access as a member of the EU.

Consumer-ready goods: Other EU countries dominate because of import charge and geographic advantages. Spain, France, and the Netherlands all have exports of over \$100 million, compared to less than \$10 million for U.S. goods. From this small base, all kinds of U.S. consumer goods have potential.

Portugal traditionally has been a good market for U.S. tree nut suppliers, and import demand is expected to remain strong. In 1994, exports totaled over \$4 million, a new record.

The dried fruit market presents opportunities, with U.S. exports to Portugal approaching \$1 million. "Trail mix"-type products are a major growth market.

Imported frozen french fries entered the Portuguese market for the first time in 1995. Although the Netherlands is the leading supplier and the United States is facing tight supplies at present, prospects for further sales still remain good.

For more information, contact Mark Thompson at (202) 720-2194.

U.S. Exports of Agricultural, Fish & Wood Products to PORTUGAL

Calendar Years 1990 to 1995 and Year-to-Date Comparisons (\$1,000)

Product	Calendar Years					January-October		% Chg
	1990	1991	1992	1993	1994	1994	1995	
Bulk Agricultural Total	227,114	111,471	105,633	105,091	123,620	105,544	117,975	11.8%
Wheat	21,503	0	0	0	0	0	0	NA
Coarse Grains	93,369	6,230	0	53	49,580	49,576	42,154	-15.0%
Rice	171	434	90	38	1,476	1,476	0	-100.0%
Soybeans	82,701	75,392	78,330	92,806	67,876	51,032	68,666	34.6%
Cotton	19,987	17,529	13,870	3,597	943	725	2,157	197.5%
Tobacco	1,716	1,695	2,552	1,608	136	136	451	231.6%
Pulses	3,770	5,650 *	5,400	3,258	2,026	1,437	2,034	41.5%
Peanuts	3,660	4,201	3,850	2,859	1,391	985	1,281	30.1%
Other Bulk Commodities	237	340	1,541	874	192	177	1,231	595.5%
Intermediate Agricultural Total	104,689	110,083	125,058 *	102,261	98,732	82,575	83,822	1.5%
Wheat Flour	0	0	0	0	0	0	0	NA
Soybean Meal	4,726	343	1,864	1,482	339	339	651	92.0%
Soybean Oil	0	0	0	0	0	0	0	NA
Other Vegetable Oils	23	18	36	22	0	0	23	NA
Feeds & Fodders (excl. pet foods)	89,815	99,899	109,140 *	90,916	82,864	68,969	71,090	3.1%
Live Animals	93	233	187	553 *	207	201	220	9.5%
Hides & Skins	2,081	468	4,842	4,541	9,135 *	7,812	5,494	-29.7%
Animal Fats	1,045	1,154	3,739	346	1,064	1,064	0	-100.0%
Planting Seeds	4,507	4,522 *	3,065	2,637	2,398	1,867	3,085	65.2%
Sugars, Sweeteners & Bever. Bases	98	102	245	5	97	43	94	118.6%
Other Intermediate Products	2,302	3,343 *	1,939	1,758	2,629	2,280	3,164	38.8%
Consumer-Oriented Agricultural Total	4,248	6,914	7,650	8,175	9,184 *	7,422	5,332	-28.2%
Snack Foods (excluding nuts)	186	239	294	423	446 *	377	278	-26.3%
Breakfast Cereals & Pancake Mix	0	8	0	11	137 *	137 *	54	-60.6%
Red Meats, Chilled/Frozen	27	102	195	101	5	5	12	140.0%
Red Meats, Prepared/Preserved	0	0	0	34	51 *	51 *	0	-100.0%
Poultry Meat	661	2,448 *	2,071	1,908	386	386	744	92.7%
Dairy Products	0	28	0	0	32	28	129	360.7%
Eggs & Products	0	0	0	0	0	0	15	NA
Fresh Fruit	489	182	305	988 *	194	194	49	-74.7%
Fresh Vegetables	7	0	0	0	10	10	54	440.0%
Processed Fruit & Vegetables	645	914	989	562	2,270 *	1,976	676	-65.8%
Fruit & Vegetable Juices	0	5	7	299 *	7	7	8	14.3%
Tree Nuts	1,597	2,316	3,091	2,243	4,032 *	2,879	2,442	-15.2%
Wine and Beer	39	53	9	87	118	118	0	-100.0%
Nursery Products & Cut Flowers	61	125	78	34	19	19	5	-73.7%
Pet Foods, Dog/Cat	35	7	263	299	493 *	393	389	-1.0%
Other Consumer-Oriented Products	501	486	348	1,186 *	986	845	480	-43.2%
Wood Products Total	2,382	5,329	9,562	7,781 *	8,664	7,344	9,896 *	34.7%
Logs	565	418	682	1,082	1,393	1,002	1,972 *	96.8%
Lumber	1,279	4,090	7,603 *	4,739	5,686	5,030	5,408	7.5%
Plywood & Panel Products	341	473	752	1,194	1,074	869	1,958 *	125.3%
Other Wood Products	197	348	525	767 *	510	444	559	25.9%
Fish & Seafood Products Total (Edible)	21,005	33,495 *	32,766	6,896	8,281	7,600	5,799	-23.7%
Salmon, Whole/Eviscerated	26	346 *	211	249	282	282	114	-59.6%
Salmon, Canned	0	0	0	0	0	0	0	NA
Crab & Crabmeat	0	143	0	0	0	0	0	NA
Surimi (fish paste)	N/A	N/A	0	0	0	0	0	NA
Roe & Urchin	45	12	0	35	172 *	117	25	-78.6%
Other Edible Fish & Seafood Products	20,934	32,994 *	32,555	6,612	7,827	7,201	5,660	-21.4%
Agricultural Product Total	336,051	228,468	238,341	215,527	231,536	195,541	207,129	5.9%
Agricultural, Fish & Wood Product Total	359,438	267,292	280,669	230,204	248,481	210,485	222,824	5.9%

Note (*) Highest export level since at least 1970, N/A = not available; NA = not applicable

Feature Story:

Agricultural Outlook Forum '96

USDA's Agricultural Outlook Forum will be held February 21 and 22, 1996, in Washington, D.C. The Outlook Forum will provide a timely assessment of the developments shaping agriculture's economic prospects. Leading experts will discuss the farm and commodity outlook at a time of tight stocks, changing farm policies and new world trade rules.

Schedule for February 21

Opportunities to enhance U.S. farm exports will be highlighted on the opening day of the Outlook Forum. A keynote speech will be given by Secretary of Agriculture Dan Glickman. This will be followed by a Growth Strategy Session for U.S. Agriculture and a session devoted to the outlook for the U.S. economy. These will be presented by top Administration officials.

The morning of February 21 also will include a trade session titled "Building Prosperity with U.S. Trading Partners." This will take the form of a panel discussion, with views from senior agricultural officials from Canada, Mexico, and China being offered. Panel participants will give their insight into strategies for expanding trade and other trade issues.

The afternoon will be devoted to a session on farm programs emerging from the current policy debate, and how producers may react.

A dinner featuring a prominent Washington speaker will conclude the events of the first day of the Outlook Forum.

Schedule for February 22

The second day of the Forum will feature detailed prospects for major agricultural commodities. Analysts from USDA and private industry will compare views on the outlook for 1996 and future years for grains, oilseeds, cotton, tobacco, sweeteners, dairy products, livestock and poultry and horticultural products. Farm income prospects and financial conditions in the agricultural sector will be covered in a session on agricultural finance.

Commodity Luncheons

Four commodity luncheons with guest speakers are scheduled for the second day of the Outlook Forum. Commodity luncheons, a popular Outlook Forum

tradition, will highlight important trends in the livestock, grains and oilseeds, sweeteners, and cotton industries. Participants can attend the luncheon of their preference.

Special sessions with a trade focus are planned for the second day of the Outlook Forum. In the morning, "The Changing Global Market Place" will be featured. This session will focus on marketing value-added agricultural products to newly affluent consumers in selected markets. In the afternoon, another session will be devoted to "China's Place in World Agriculture." This session should increase participant awareness of ongoing agricultural and market trends in the world's most populous country.

Outlook Forum Location

The Forum will be held at the Omni Shoreham Hotel in Washington, D.C. The hotel is about one hundred yards from the Woodley Park Metro station on the Red Line. To reserve a hotel room for the Forum at the Omni Shoreham Hotel at the special rate of \$113 (single) or \$138 (double), including tax, call (202) 234-0700. To obtain the special hotel rate, refer to the USDA Agricultural Outlook Forum '96.

How To Register/Additional Information

To obtain conference and hotel registration information call: (202) 401-9421

How to Obtain Forum News

If you are unable to attend the Outlook Forum, you may still benefit by obtaining:

1. Audio or video tapes capturing the entire debate. Simply call: 1-800-747-0856 or (301) 662-4014
2. A copy of the Forum Proceedings which will be printed in April. Simply call: 1-800-999-6779
3. Use the Internet to obtain speeches submitted in electronic form. These will be posted at an Internet Gopher site known as "The USDA Economics and Statistics System." The World Wide Web Address is: gopher://usda.nannlib.cornell.edu:70/11reports/aof

Market Updates

Korea Opens Market To U.S. Grapes

Korea opened its market to imported table grapes on January 1, 1996, as required under the Uruguay Round Agreement. California industry contacts report that the first shipment of U.S. table grapes have been delivered. The California industry believes Korea will be an excellent new market for U.S. table grapes. However, given that the industry is in the final stages of this year's shipping season, U.S. exporters will have to wait for the 1996 crop to take full advantage of the market opening.

Thailand Receives U.S. Grapefruit

Under a bilateral protocol finalized in 1995, the first shipment of Florida grapefruit was recently delivered to Thailand. The product was distributed to 10 supermarkets in the Bangkok area. Despite the assessment of a 56-percent ad valorem tariff (or comparable specific duty), the grapefruit is priced competitively with Thailand's domestically produced pomelo. In response to promising market prospects, additional shipments have been arranged. California also is eligible to export citrus to Thailand under a new protocol and, according to an industry source, a 3,000-carton shipment of California oranges is now en route. The U.S. citrus industry has identified Thailand as a promising market, with near-term annual sales estimated at roughly \$15 million.

Philippines Moves To Ensure Rice Availability

Following a year in which rising rice prices provoked rapid inflation and civil disturbances, the Republic of the Philippines has contracted imports of large quantities of rice in order to ensure domestic availability and price stability in the coming months. With imports totaling an estimated 300,000 tons in calendar year 1995, the Government of the Philippines has purchased as much as 475,000 tons of rice from Thailand, India, and Vietnam for delivery in early 1996. Philippine demand is contributing to continued high world rice prices, despite the ongoing 1995/96 main crop rice harvest throughout much of South and Southeast Asia.

China Purchases U.S. Soybean Oil and Eliminates Import Quotas For Vegetable Oils

China purchased 27,000 tons of soybean oil from the United States at \$531/ton FOB U.S. Gulf for shipment in the last half of January 1996. The bulk of China's soybean oil imports so far in 1995/96 have been from South America. Accumulated exports and outstanding sales of U.S. soybean oil to China for the week ending January 4, 1996, equaled 72,500 tons, substantially below the same period last year (179,500 tons). China's 1995/96 imports of vegetable oil are expected to fall to 3.3 million tons from 3.9 million tons a year earlier. The decline in imports reflects China's sharp build-up in vegetable oil ending stocks last year. Despite the expected downturn in China's imports this year, rapid growth in China's import requirements is expected to contribute to a significant expansion in global vegetable oil trade over the next several years. China's strong oil demand was the major factor allowing the United States to export a record quantity of vegetable oil, over 2 million tons, in 1994/95. According to a Chinese news agency, China eliminated import quotas for vegetable oils effective December 31, 1995. Although China has not revealed the details, imports of vegetable oil will now be subject to tariff quotas.

China Signs Wheat Trade Agreement With Australia

The Chinese Government's buying agency, Ceroilfoods, signed a Long Term Agreement (LTA) with the Australian Wheat Board (AWB) for the annual purchase of one million tons of wheat between 1996 and 1998. This type of agreement was not unusual for China in past years, but this is the first LTA China has signed since the early 1980's. The AWB's annual exports to China in the late 1980's ranged from 1 million tons to 3.3 million tons, but were down considerably in the 1990's due to drought-reduced crops. The agreement solidifies China's position as Australia's largest wheat customer.

...Market Updates

China Purchases U.S. Wheat

China purchased about 2.1 million tons of U.S. wheat during January. This represents the first Chinese purchase of U.S. wheat since March 1995 and the first unsubsidized purchase of U.S. wheat since 1987. The Chinese purchase may have been prompted by a drop in U.S. wheat prices and by reports of tight exportable supplies in Canada and Australia.

Reduced Philippine Duties To Benefit U.S. Fruit Exports

The Philippine Government has implemented tariff reductions on a range of imported fruits and vegetables, cutting MFN tariff rates from 50 percent ad valorem to 30 percent. The tariff cuts took effect January 16. Further reductions are planned, with duties falling to 20 percent on January 1, 1997, and declining further to 10 percent on January 1, 2000. U.S. exports of fresh fruit to the Philippines totaled \$22 million in FY 1995, with grapes (\$10.2 million), apples (\$8.3 million), and oranges (\$3.3 million) accounting for nearly all of the total.

Following similar trade liberalizing moves in other Asian countries, U.S. exports of fresh fruit have increased markedly. For example, Thailand's decision several years ago to reduce its applied tariff on apples from 50 percent ad valorem to 10 percent facilitated a sharp rise in U.S. apple sales. Apple exports to Thailand in FY 1995 reached \$22 million, up from \$12 million in FY 1991. Similarly, following the lifting of Indonesia's fruit import ban in 1991, and subsequent tariff reductions in 1994, U.S. apple exports increased from just over \$2 million in FY 1991 to nearly \$28 million for FY 1995.

Indonesia Signs Agreement With Canadian Wheat Board

The Canadian Wheat Board (CWB) signed a letter of intent with Bogasari Flour Mills in Indonesia to supply 1 to 1.5 million tons of wheat annually over five years. This represents a major increase in Canadian wheat exports to Indonesia, a rapidly growing wheat market. Canadian exports reached 925,000 tons in 1994/95, up from around 700,000 tons in the previous three years. Total Indonesian wheat imports reached a record 3.6 million tons in 1994/95 and are forecast to reach 4 million tons in 1995/96.

Japanese Imports of U.S. Beef Increasing

Japan is the top market for U.S. beef and the second largest market for Australian beef, after the United States. Historically, Australia has claimed the lion's share of the Japanese beef market in volume, but this year, the United States reigns as the largest exporter to Japan in both volume and value. The United States now boasts nearly 50 percent of this market compared with 47 percent for Australia. U.S. beef exports to Japan during the first 10 months of calendar 1995 reached 274,000 tons compared with 228,000 tons in the same period of 1994. The tight supply of Australian grain-fed beef will continue into 1996 due to high grain prices which will limit the number of cattle on feed. This should allow U.S. beef to maintain its dominant market position in the Japanese market.

Japan Completes GATT Minimum Access Rice Purchases

The Government of Japan's Food Agency (FA) recently held the final in a series of six tenders for the importation of rice in accordance with Japan's Uruguay Round minimum access commitments. The total amount of rice that will be imported under awarded contracts will be 408,794 tons (product weight--including both brown and fully milled rice). The U.S. sold 194,000 tons, or 47.4 percent, which was slightly below the expectations of U.S. exporters who had hoped to capture over half of the market. Other major exporters included Australia, Thailand and China. These purchases fulfill all minimum access requirements for rice imports by Japan through the end of Japan's 1995/96 fiscal year on March 31, 1996. Japan is not required to contract further rice imports until JFY 1996/97, when its minimum access commitment will total approximately 450,000 tons (milled basis).

...Market Updates

Taiwan Restructuring Wheat And Flour Market

On December 22, 1995, Taiwanese authorities made some major changes in wheat and flour import policy. These changes include eliminating the Wheat Stabilization Fund, lifting the restrictive import quota on wheat flour, cutting in half the 30 percent flour import tariff, and using the remaining 800 million new Taiwan dollars in the Fund to subsidize wheat imports. These actions stem from this year's high international wheat prices. Liberalizing the wheat flour market is worrisome to a milling industry with excess capacity, given Japan's historic role of supplying indirectly subsidized flour in the region. Moreover, these changes could lead to the diversification of wheat suppliers. Currently, U. S. wheat accounts for over 90 percent of Taiwan's annual wheat imports of approximately 900,000 tons.

East European Exportable Wheat Supplies Dwindle

High international prices, tight world supplies, and domestic bumper crops encouraged Eastern European wheat exports this past year. However, the region is now retreating from the export market due to rising concerns for domestic wheat shortages and logistical limitations. For example, Bulgaria extended its grain export ban through Sept. 30, 1996, to ensure domestic supplies. Hungary asserts it has already sold most of its exportable wheat. Despite its 1.5-million-ton wheat surplus, Yugoslavia is unlikely to export significant quantities due to growing domestic demand arising from the influx of refugees from Bosnia. Poland's farm minister seeks to ban wheat exports and suspend grain import duties in an effort to alleviate shortages and surging prices. The dwindling supplies in Eastern Europe may force Russia to look past its historic trading partners if it undertakes significant wheat imports.

Russian Far East To Import Wheat In Early 1996

The Russian Far East is expected to purchase 300,000 to 400,000 tons of wheat in early 1996 with federal funds allotted to regional companies. Domestic market prices are highest in the Russian Far East, with flour prices in the region about twice those in European Russia. The Primorsk region, which includes the port city of Vladivostok, plans to spend \$16.8 million to obtain 67,000 tons of wheat in 1996. Khabarovsk Khleboproduct, a privatized division of the former state trading monopoly Roskhlebproduct, is seeking GSM-102 credit and USDA approval for wheat purchases under Food for Progress. The United States, Australia, and Canada are the probable exporters, with availability of credit likely to be a key determinant.

Romania To End State Monopoly On Grain Trade

Romania has ended its state monopoly on grain trading and storage, allowing foreign and domestic traders to arrange deals directly with producers. The move aims to cut red tape and facilitate exports. Romania has become a major player in the world wheat market this year, exporting almost 1 million tons since June 1995. Romania's sole grain purchaser, Romcereal, will become the National Agency for Agricultural Products (NAAP) with 30 subsidiaries throughout the nation. It will retain 25 percent of Romcereal's storage, with the remaining 75 percent subject to privatization.

French Cattle Producers To Receive Aid

The European Commission has "decided not to object" to a French proposal for national aid to cattle producers. The proposal is aimed at offsetting income losses, resulting from monetary fluctuations earlier in 1995. The aid scheme provides approximately \$22.4 million in compensation for one-quarter to one-sixth of the income loss estimated by French authorities. The losses were recorded when French beef and veal prices fell sharply between March and August of last year. Since the fall in price was not accompanied by a parallel drop in production costs, the Commission determined that it was a considerable loss of income and necessitated compensation under the June agrimonetary compromise. France has the largest cattle herd in the EU, representing 25 percent of the total.

...Market Updates

EU Exports of Butter And Nonfat Dry Milk To Decline

Forecasts by the Irish Dairy Board (IDB), based on EU supplied information, indicate that EU-15 butter exports may drop more than a fifth in 1996. Similarly, EU exports of nonfat dry milk are forecast to decline about 15 percent. Factors behind the reductions include: a) slightly lower milk production as producers try to stay within quota; b) reduced availability of EU export subsidies due to GATT limitations; and c) continued strength in internal EU demand. For both products, the EU represents major competition for U.S. exports.

EU Rejects Zero Subsidy Wheat Licenses

For the first time, the EU Commission has rejected export license requests for 200,000 tons of wheat at a zero subsidy. This was done in an apparent attempt to restrict exports, thereby dampening relatively high internal prices. The Commission approved licenses for 4.6 million tons of wheat in 1995 (slightly ahead of 1994's pace) at a zero export subsidy.

Turkey Increases Rice Import Surcharge

The Government of Turkey (GOT) recently raised its import surcharge on rice from \$5 to \$30 per ton, as a result of urging by the Turkish pasta producers. The pasta producers allege that high levels of rice importation have led to depressed domestic pasta consumption. The announcement follows the October decision by the U.S. to impose countervailing duties on Turkish pasta in retaliation for dumping of Turkish wheat products. This surcharge increase comes after a year of record high rice imports by Turkey, estimated at 375,000 tons. The U.S. accounted for 350,000 tons of these imports, making Turkey the second largest export destination for U.S. rice in 1995.

Canadian Wheat Board Monopoly Rejected By Alberta

Alberta wheat and barley farmers voted to reject the Canadian Wheat Board's (CWB) monopoly right to market grains on their behalf. However, this decision is not binding on the federal agriculture minister, who oversees the CWB. A November plebiscite was held by the Alberta Provincial government on whether or not wheat and barley farmers wanted to sell their grains to other outlets in addition to the CWB. The barley farmers were slightly more in favor of individual marketing choices, with 66 percent voting for autonomy, as compared to 62 percent of wheat farmers voting in favor of marketing freedom. Currently, the Canadian Wheat Board (CWB) has monopoly marketing rights to all wheat, durum, feed barley and malting barley in western Canada.

U.S. Horticultural Exports Pass \$9-Billion Mark

U.S. horticultural exports surged to \$9.1 billion in FY 1995 (October 1994 - September 1995), a 12-percent rise over the previous year and more than triple the value of 10 years ago. FY 1995 marked the 11th consecutive year that U.S. horticultural exports have increased. Continued market liberalization, rising incomes, a growing demand for healthful foods, and ongoing Market Promotion Program activities in major foreign markets like Japan and other Asian countries continued to drive U.S. exports. Shipments to the two largest markets, Canada and Japan, valued respectively at \$2.6 and \$1.9 billion, were nearly 15 percent above last year. Deliveries to EU-15 countries, valued at nearly \$1.7 billion, were more than 10 percent above FY 1994 levels. Collectively, these three markets accounted for 68 percent of the total value shipped. Of the top five markets, only recession-hit Mexico fell behind last year's pace. In product areas, increases were most notable in fresh vegetables (up \$167.9 million or 17 percent); fruit and vegetable juices (up \$115.6 million or 22 percent); frozen vegetables (up \$99 million or 33 percent); prepared and preserved vegetables (up \$58.8 million or 11 percent); and fresh citrus (up \$56.4 million or 9 percent). These commodity groups accounted for nearly 50 percent of the total 1995 value increase over the previous year. For FY 1996, U.S. horticultural exports are projected at a record \$10.3 billion.

U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1990 to 1995 and Year-to-Date Comparisons (\$1,000)

Product	Calendar Years					January-October		% Chg
	1990	1991	1992	1993	1994	1994	1995	
Bulk Agricultural Total	20,232,083	18,348,386	19,687,248	18,593,458	18,951,466	14,563,263	20,666,697	41.9%
Wheat	3,839,037	3,292,138	4,449,324	4,664,582	4,056,007	3,217,308	4,357,614	35.4%
Coarse Grains	7,036,717	5,722,597	5,736,599	5,000,598	4,731,925	3,572,220	6,596,171	84.7%
Rice	801,527	753,557	726,072	771,312	1,010,548	799,677	818,134	2.3%
Soybeans	3,549,508	3,956,443	4,380,402	4,598,746	4,330,427	3,255,401	4,138,859	27.1%
Cotton	2,798,495	2,491,999	2,010,338	1,540,678	2,676,263	2,040,856	2,927,460 *	43.4%
Tobacco	1,441,116	1,427,631	1,650,559 *	1,306,067	1,302,745	1,028,064	1,107,343	7.7%
Pulses	353,111	268,414	191,656	213,254	280,649	223,545	211,310	-5.5%
Peanuts	203,373	180,304	240,308	204,576	187,552	136,960	220,414	60.9%
Other Bulk Commodities	209,199	255,304	301,989	293,645	375,352	289,232	289,394	0.1%
Intermediate Agricultural Total	8,573,907	8,789,224	9,231,134	8,973,466	9,749,696 *	7,729,627	9,138,837	18.2%
Wheat Flour	182,956	184,256	184,317	205,729	211,248	174,466	208,308	19.4%
Soybean Meal	1,005,103	1,155,307	1,294,722	1,132,041	958,920	761,799	877,444	15.2%
Soybean Oil	312,930	222,126	376,202	363,897	525,077	348,443	610,337	75.2%
Other Vegetable Oils	394,790	418,144	502,732	543,897	671,187	509,432	764,292 *	50.0%
Feeds & Fodders (excl. pet foods)	1,572,369	1,605,732	1,722,327	1,744,163 *	1,738,454	1,427,001	1,578,395	10.6%
Live Animals	513,783	686,563 *	607,891	518,927	587,352	445,248	371,779	-16.5%
Hides & Skins	1,729,731	1,357,570	1,326,054	1,268,658	1,507,616	1,249,437	1,469,971	17.7%
Animal Fats	428,729	426,824	515,214	501,702	598,546	448,141	686,169	53.1%
Planting Seeds	588,723	671,655	675,011 *	619,359	648,614	493,745	515,682	4.4%
Sugars, Sweeteners & Bever. Bases	572,052	634,101	573,921	567,807	656,761	543,396	543,679	0.1%
Other Intermediate Products	1,272,743	1,426,946	1,452,744	1,507,288	1,645,921 *	1,328,518	1,512,782	13.9%
Consumer-Oriented Agricultural Total	10,465,615	11,967,920	13,895,994	14,911,316	16,988,134 *	13,711,867	15,427,564	12.5%
Snack Foods (excluding nuts)	530,125	633,040	829,679	1,024,643	1,101,668 *	893,382	848,847	-5.0%
Breakfast Cereals & Pancake Mix	157,882	216,802	219,762	252,993	291,979 *	243,264	221,387	-9.0%
Red Meats, Chilled/Frozen	2,394,495	2,660,267	3,112,361	3,055,222	3,383,394	2,751,814	3,445,534 *	25.2%
Red Meats, Prepared/Preserved	135,998	165,101	181,562	220,038	253,621 *	198,312	229,072	15.5%
Poultry Meat	672,888	817,913	928,464	1,100,613	1,570,414	1,236,122	1,613,706 *	30.5%
Dairy Products	328,053	462,956	793,754	857,487 *	753,257	612,669	664,751	8.5%
Eggs & Products	101,979	143,367	139,234	139,438	164,653	135,395	137,766	1.8%
Fresh Fruit	1,486,489	1,561,053	1,683,344	1,707,147	1,953,767 *	1,646,063	1,644,998	-0.1%
Fresh Vegetables	728,648	832,935	899,624	985,953	1,046,789 *	834,190	906,817	8.7%
Processed Fruit & Vegetables	1,246,753	1,394,490	1,558,121	1,639,583	1,720,891 *	1,399,618	1,586,382	13.3%
Fruit & Vegetable Juices	375,497	385,414	461,017	469,517	543,013	457,012	553,820 *	21.2%
Tree Nuts	801,120	867,704	928,531	998,246	1,106,416 *	882,577	903,652	2.4%
Wine and Beer	266,202	315,756	369,181	379,301	532,735	445,831	545,440 *	22.3%
Nursery Products & Cut Flowers	186,741	201,442	201,321	209,397 *	197,985	163,096	161,439	-1.0%
Pet Foods, Dog/Cat	244,038	329,772	399,630	497,621	577,943 *	469,283	517,962	10.4%
Other Consumer-Oriented Products	808,706	979,907	1,190,410	1,374,116	1,789,607 *	1,343,239	1,445,991	7.6%
Wood Products Total	6,481,227	6,429,179	6,741,685	7,281,313 *	7,029,961	5,818,566	6,051,986	4.0%
Logs	2,388,921	2,074,432	2,140,010	2,489,560 *	2,277,981	1,859,603	1,955,175	5.1%
Lumber	2,127,895	2,203,353	2,322,491	2,449,643 *	2,428,150	2,042,282	2,055,578	0.7%
Plywood & Panel Products	769,983	735,227	847,867	906,397	944,360 *	765,563	807,731	5.5%
Other Wood Products	1,194,428	1,416,167	1,431,317	1,435,714 *	1,379,471	1,151,118	1,233,502	7.2%
Fish & Seafood Products Total (Edible)	2,776,759	3,035,383	3,353,935 *	2,959,086	3,002,265	2,624,249	2,764,214	5.3%
Salmon, Whole/Eviscerated	666,582	436,975	681,663	583,060	518,413	498,095	524,033	5.2%
Salmon, Canned	104,276	133,644	154,401	160,416	161,577 *	119,313	142,113	19.1%
Crab & Crabmeat	363,251	431,411	448,050 *	417,660	349,136	300,200	171,037	-43.0%
Surimi (fish paste)	N/A	N/A	367,627 *	274,322	318,850	288,875	331,492	14.8%
Roe & Urchin	289,458	389,031	421,396	415,319	408,963	354,069	447,448 *	26.4%
Other Edible Fish & Seafood Products	1,353,193	1,644,322 *	1,280,798	1,108,309	1,245,325	1,063,698	1,148,093	7.9%
Agricultural Product Total	39,271,605	39,105,530	42,814,376	42,478,240	45,689,296 *	36,004,757	45,233,098	25.6%
Agricultural, Fish & Wood Product Total	48,529,591	48,570,092	52,909,996	52,718,639	55,721,522 *	44,447,572	54,049,298	21.6%

Note: (*) Highest export level since at least 1970, N/A = not available; NA = not applicable.

U.S. Exports of Agricultural, Fish & Forest Products

Monthly and Annual Performance Indicators

Export Values	October			Fiscal Year		
	1994	1995		1995	1996(f)	Chg
	-- \$Billion --		Chg	--- \$Billion ---		95/96
Grains and Feeds 1/	1.275	1.839	44%	17.637	19.1	8%
Wheat & Flour	0.376	0.617	64%	5.201	5.9	13%
Rice	0.117	0.096	-18%	1.050	1.0	-5%
Coarse Grains 2/	0.417	0.761	83%	7.411	7.9	7%
Corn	0.354	0.696	97%	6.619	7.2	9%
Feeds & Fodders	0.215	0.221	3%	2.511	2.8	12%
Oilseeds and Products	0.869	0.778	-10%	9.119	9.9	9%
Soybeans	0.584	0.523	-10%	5.274	6.1	16%
Soybean Cakes & Meals	0.079	0.074	-6%	1.079	1.3	20%
Soybean Oil	0.043	0.022	-50%	0.809	0.5	-38%
Other Vegetable Oils	0.064	0.073	13%	0.918	N/A	N/A
Livestock Products	0.639	0.750	18%	7.808	8.8	13%
Red Meats	0.319	0.391	22%	4.044	4.8	19%
Hides, Skins & Furs	0.128	0.137	7%	1.719	1.9	11%
Poultry Products	0.188	0.244	30%	2.210	2.4	9%
Poultry Meat	0.156	0.212	36%	1.867	N/A	N/A
Dairy Products	0.061	0.058	-4%	0.812	0.9	11%
Unmanufactured Tobacco	0.089	0.142	60%	1.329	1.3	-2%
Cotton and Linters	0.119	0.185	56%	3.496	2.5	-28%
Planting Seeds	0.060	0.052	-14%	0.680	0.7	3%
Horticultural Products	0.873	0.900	3%	9.110	10.3	13%
Sugar & Tropical Products	0.190	0.187	-1%	1.940	2.1	8%
Forest Products 4/	0.586	0.575	-2%	7.274	N/A	N/A
Fish and Seafood Products 4/	0.284	0.254	-11%	3.172	N/A	N/A
Total Agriculture	4.362	5.136	18%	54.141	58.0	7%
Total Ag., Fish & Forest	5.231	5.965	14%	64.587	N/A	N/A

Export Volumes	October			Fiscal Year		
	1994	1995		1995	1996(f)	Chg
	--- MMT ---		Chg	---- MMT ----		95/96
Grains and Feeds 1/	8.758	10.666	22%	118.626	N/A	N/A
Wheat	2.761	3.195	16%	32.094	30.5	-5%
Wheat Flour	0.061	0.040	-34%	1.184	1.3	10%
Rice	0.429	0.279	-35%	3.767	3.2	-15%
Coarse Grains 2/	4.164	5.811	40%	65.670	56.2	-14%
Corn	3.541	5.307	50%	58.645	51.0	-13%
Feeds & Fodders	1.113	1.111	-0%	13.483	13.3	-1%
Oilseeds and Products	3.509	2.745	-22%	34.050	31.2	-8%
Soybeans	2.719	2.107	-22%	23.584	21.8	-8%
Soybean Cakes & Meals	0.429	0.370	-14%	6.094	5.5	-10%
Soybean Oil	0.070	0.031	-55%	1.216	0.9	-26%
Other Vegetable Oils	0.091	0.101	11%	1.281	N/A	N/A
Livestock Products 3/	0.284	0.358	26%	3.681	N/A	N/A
Red Meats	0.102	0.117	15%	1.262	1.5	19%
Poultry Products 3/	0.164	0.215	31%	1.943	N/A	N/A
Poultry Meat	0.160	0.210	31%	1.901	2.1	10%
Dairy Products 3/	0.030	0.032	8%	0.447	N/A	N/A
Unmanufactured Tobacco	0.012	0.022	78%	0.197	N/A	N/A
Cotton & Linters	0.080	0.101	26%	2.068	1.6	-23%
Planting Seeds	0.043	0.042	-1%	0.541	N/A	N/A
Horticultural Products 3/	0.678	0.612	-10%	7.001	8.0	14%
Sugar & Tropical Products 3/	0.096	0.102	7%	1.104	N/A	N/A
Total Agriculture 3/	13.654	14.895	9%	169.660	156.0	-8%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ Includes corn, oats, barley, rye and sorghum; 3/ Includes metric tons; 4/ Items not included in agricultural product totals. N/A = not available.

FY 1996 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published November 30, 1995.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators

	October			Fiscal Year		
	1994	1995		1995	1996(f)	
	-- \$Billion --		Chg	-- \$Billion --		Chg
Western Europe	0.889	0.851	-4%	8.606	9.2	7%
European Union 1/	0.856	0.812	-5%	8.256	8.7	5%
Other Western Europe	0.032	0.040	22%	0.350	0.5	43%
Central & Eastern Europe	0.033	0.031	-6%	0.283	0.4	41%
Former Soviet Union	0.105	0.130	24%	1.158	1.3	12%
Russian Federation	0.066	0.100	53%	0.911	1.1	21%
Asia	1.596	2.243	41%	23.979	26.2	9%
Japan	0.811	0.976	20%	10.447	11.3	8%
China	0.055	0.219	297%	2.413	2.7	12%
Other East Asia	0.511	0.651	27%	7.562	8.6	14%
Taiwan	0.173	0.192	11%	2.552	2.7	6%
South Korea	0.216	0.295	36%	3.576	4.4	23%
Hong Kong	0.121	0.164	35%	1.425	1.5	5%
Other Asia	0.220	0.398	81%	3.558	3.6	1%
Pakistan	0.023	0.049	110%	0.389	0.3	-23%
Philippines	0.043	0.062	43%	0.675	0.7	4%
Middle East	0.158	0.243	53%	2.404	2.6	8%
Israel	0.034	0.053	59%	0.452	0.5	11%
Saudi Arabia	0.036	0.044	20%	0.479	0.5	4%
Africa	0.256	0.226	-12%	2.806	3.1	10%
North Africa	0.172	0.146	-15%	1.972	2.2	12%
Egypt	0.105	0.107	2%	1.294	1.3	0%
Algeria	0.039	0.014	-63%	0.440	0.5	14%
Sub-Saharan Africa	0.084	0.080	-4%	0.833	0.9	8%
Latin America	0.737	0.747	1%	8.101	8.4	4%
Mexico	0.372	0.299	-20%	3.700	3.8	3%
Other Latin America	0.365	0.448	23%	4.401	4.6	5%
Brazil	0.082	0.064	-22%	0.638	0.6	-6%
Venezuela	0.025	0.047	90%	0.493	0.6	22%
Canada	0.471	0.507	8%	5.830	6.1	5%
Oceania	0.051	0.047	-9%	0.563	0.7	24%
World Total	4.362	5.136	18%	54.143	58.0	7%

Note: 1/ EU-15 includes the newest member states of Austria, Finland and Sweden.

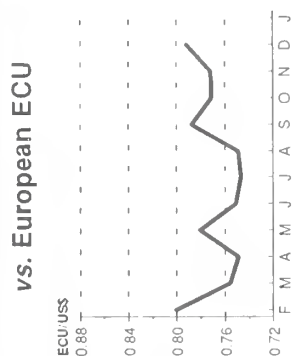
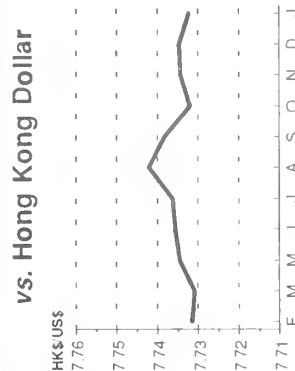
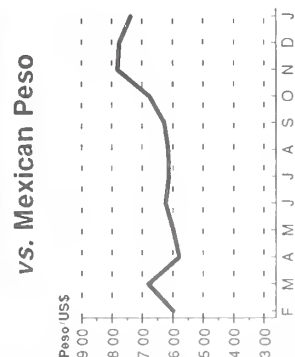
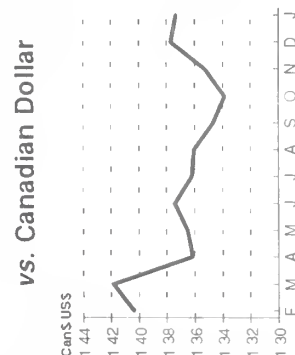
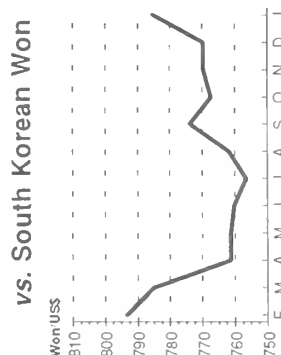
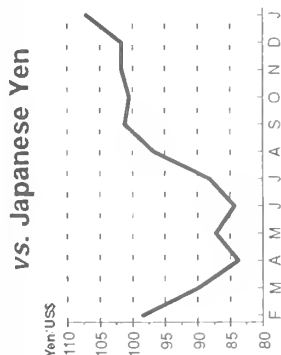
FY 1996 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published November 3

Value Of U.S. Dollar Against Major World Currencies

Daily Spot Quotations & Monthly Averages

Currencies	Current Rate 1/31/96	Month Ago 12/29/95	Year Ago 1/95	% Change Year Ago 1/95
Argentine Peso	.9996	.9992	1.00	-0.04
Australian Dollar	1.3411	1.3418	1.3200	1.60
Brazilian Real	.9781	.99630	.84	16.44
Canadian Dollar	1.3735	1.3635	1.4075	-2.42
Hong Kong Dollar	7.7322	7.7333	7.7734	-0.53
Japanese Yen	107.05	101.50	99.67	7.40
Mexican Peso	7.3650	7.7200	6.0000	22.75
Taiwan Dollar	27.469	27.302	26.29	4.48
South Korean Won	785.25	778.60	789.40	-0.53
European ECU	.81037	.78410	.81055	-0.02
-British Pound	.6609	.6553	.6331	4.39
-French Franc	5.1095	4.9862	5.2815	-3.26
-German Mark	1.4893	1.45674	1.5247	-2.32

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, January 31, 1996.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.



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